

# Amending the IFQ Program: Including the charter halibut fleet

## ComFish

Kodiak, Alaska :: March 19, 2004

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# Background - IFQ Program

- In 1980s and early 1990s, the commercial halibut and sablefish fisheries became significantly overcapitalized; the result was
  - Short, intense (derby) seasons ("race for fish")
  - Poor product quality and low ex-vessel prices
  - Unhappy consumers (little fresh fish on market)
  - Unsafe operations (loss of vessels and lives)
  - Low catch per unit of effort (CPUE)
  - Gear conflicts, lost gear, & ghost fishing
- In 1991, the Council recommended an Individual Fishing Quota (IFQ) program to address these problems
- The IFQ program was implemented in 1995



# Background - IFQ Program (Cont'd)

- Quota Shares (QS) were initially issued to vessel owners and lessees who had made legal harvests during the “qualifying years” (late 1980s and 1990)
  - Amount of quota depended on amount of catch from that person’s boat by year and area
- QS is defined by Species, Area, Vessel Category and Block Status, as follows:
  - Species = Halibut [or Sablefish]
  - Area = 2C, 3A, etc. (for halibut)
  - Vessel Cat. = A (freezer), B, C, or D
  - Blocked = QS that may not be divided

## Background - IFQ Program (Cont'd)

- Amount of QS that may be used (held by any person, or fished from any one vessel) is “capped”
  - Amount varies, between 0.5% and 1.5%
- No person may hold more than two “blocks” of QS in any area at the same time (or one block and unblocked QS up to the cap)
- Every year, the International Pacific Halibut Commission decides the Total Allowable Catch (TAC) by administrative area (Council recommends sablefish TAC)



# Background - IFQ Program (Cont'd)

- After the annual TAC is set, QS holders receive their annual Individual Fishing Quota (IFQ) permit
  - The permit authorizes harvest of a specific number of pounds of fish of a specific species (halibut/sablefish), in a specific administrative area
- Amount of IFQ that is issued to a person depends on the amount of QS s/he holds, relative to the QS held by all QS holders in the administrative area (i.e., the Quota Share Pool - "QSP"), as follows

$$QS/QSP \times TAC = IFQ$$

# Background - IFQ Program (Cont'd)

- QS (and IFQ) is transferable (i.e., it may be sold), and so it has a market value
  - Value has been ~ \$10 to \$12 per pound of IFQ
  - Value depends on amount, area, species, etc.
- Catcher vessel QS may be only be transferred to, and used by,
  - Those who received QS initially, or
  - "IFQ Crewmembers" (i.e., individuals who can demonstrate 150 days of fishing)
- Eligible persons receive "Transfer Eligibility Certificate" (TEC)
- Catcher vessel QS may not be leased



# Background - IFQ Program (Cont'd)

- The IFQ program has been in effect since 1995; as a result,
  - The seasons have extended to 8+ months
  - The ex-vessel value has increased
  - Product quality has improved
  - Safety at sea has improved dramatically
  - CPUE has risen, while discards, by-catch, lost gear, and ghost fishing have declined
- Consolidation has also occurred
  - Total QS holders have declined by >25%
  - Numbers of vessels have declined by >50%
- So, the program is considered a “success”

## But. . . !

- The Commercial TAC is set by IPHC after determining the biologically “safe” level of total mortality, and then accounting for:
  - natural removals (no TAC)
  - bycatch removals (no TAC)
  - personal use and subsistence removals (no TAC)
  - recreational removals (no TAC)
- So, as other uses increase, amount available for commercial TAC is lowered
- Growth in guided recreational sector has led commercial users to express concern over the “open-ended reallocation” of fish from commercial to recreational uses



# Background - TimeLine

- Council has been concerned about rapid expansion of charter fleet since 1993; concerns have included local depletion of the resource and the reallocation concern expressed by commercial fleet. So, in
  - ✓ **1993** - Council established a Working Group
  - ✓ **1995** - Council reviewed possible management measures
  - ✓ **1997** - Council recommended establishing a Guideline Harvest Level (GHL) based on a percentage of commercial/charter harvests,
  - ✓ **1997** - as required by NMFS, Council began developing specific harvest restriction measures if GHL exceeded

# Background - Timeline (Cont'd)

- ✓ **2000** - Council approved a GHL program with harvest restriction measures, directed "fast track" development of other options including moratorium and an IFQ system
- ✓ **2001** - Council approved the IFQ option (in April, and on reconsideration in October)
- ✓ **2002** - State indicated concern with accuracy of logbook data, and discontinued its use
- ✓ **2003** - Council reviewed adequacy of logbook data for initial issuance decisions
- ✓ **2003** - NMFS contracted for recommendations on new reporting system (including new logbooks)
- ✓ **2004** - NMFS began development of Proposed Rule



# Disclaimer

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*The following program description is only a summary of the program as designed and proposed by the North Pacific Fishery Management Council.*

*As of March 2004, NMFS is proceeding with preparation of a Proposed Rule for public comment; however, the proposal is not complete. Additionally, the Secretary has not approved the program, and will not do so until a Proposed Rule has been published and public comment has been received.*

*Therefore: a) there is no absolute guarantee that the program will be approved and implemented; and, b) the information on the program as set out herein is subject to change.*

# Principles of the Program

- Program will be integrated into the current commercial IFQ program for halibut (areas 2C and 3A only)
- Program will not limit access to either subsistence or recreational fishing
- Program will not permit sales of fish; the fish will belong to the recreational angler who catches them
- Initial quota allocations will be 125% of the average harvests between 1995 and 1999
  - ~ 13% of combined commercial/charter harvests
  - ~ 35% increase over estimated 2000 harvests



# Program Summary

- Eligible charter operators will apply for, and be issued, quota share (QS) premised on 70% on their average charter fishing activities in 1998 and 1999, and participation in earlier years (up to 30%)
- Charter QS will be issued in QS units (just as commercial quota is issued) and will yield annual IFQ permits
- IFQ permits will be issued in numbers of fish (not pounds)
- Charter QS will be transferable to other charter operators and may be transferred from (but not to) the commercial sector

# Eligible Charter Operators

- Persons who will be eligible to receive Charter QS by initial issuance are those who are:
  - U.S. citizens (individuals or companies) who owned or leased vessels and who carried clients for hire during 1998 and/or 1999, AND
  - Who timely submitted log book information to the Alaska Department of Fish and Game for those years, AND
  - Who participated (legally carried clients) in the 2000 season, AND
  - Who submitted log books documenting that activity to ADFG by February 12, 2000



# Basis for Initial Distribution

- QS will be calculated and issued to eligible persons based on the following three steps:
  - **First**, the allocation amount will be based on 70% of the applicant's average reported harvest (1998 and 1999);
  - **Second**, the allocation base will be increased by 10%/year for each additional year of participation between 1995 and 1997;
  - **Third**, the allocation will be adjusted by the balance of unallocated 1995 - 1997 harvests
- Allocations will be premised on log book information timely submitted to ADFG; no other data source will be used

# Application & Issuance Process

- When regulations are final, NMFS will announce an application period, using
  - the Federal Register (formal notice)
  - Public notice (newspapers, radio, posters, etc.)
  - Individual notice to persons who appear to be eligible (from log book information)
- Those who timely apply will be notified of their allocation
  - May protest within 30 days; could lead to formal appeals
- Pounds and percentages will then be converted to QS units (equivalent to commercial units) and issued as such



# QS Use Caps

- Holdings of Charter QS that yields annual IFQ amounts will be capped as follows:
  - 1% of area 2C combined QS Pool;
  - $\frac{1}{2}\%$  of area 3A combined QS Pool;
  - $\frac{1}{2}\%$  of total of 2C and 3A QS Pool
- Those who receive initial allocations greater than the caps will be “grandfathered” at that level (but may not then acquire more)
- Any subsequent QS amounts that exceed these use caps will be restricted and will not yield annual IFQ
  - e.g., QS received by court order, inheritance, etc.

# Calculating/Issuing Annual IFQ

- Each year, when the IPHC sets the TAC, NMFS (RAM) will calculate each QS holder's IFQ for that year

remember:  $QS/QSP \times TAC = IFQ$

- Charter IFQ will initially be calculated in pounds of fish (same as commercial), but
  - Pounds will then be converted to numbers of fish for Charter IFQ permit
  - Conversion to fish will be based on average weight of sport-caught halibut as provided by the Department of Fish and Game



# Transfers and Leasing

- Charter QS will be freely transferable within the charter sector
- Commercial QS may be transferred to charter sector, and thereafter may be transferred between sectors; but
- Charter QS may not be transferred to commercial sector
  - Upon review in 3 years, the Council may approve an exception to this rule to allow up to 25% to be transferred from charter to commercial
- “Leasing” is defined as the use of Charter IFQ on a vessel which the owner of the QS has less than a 50% ownership interest

# Transfers and Leasing (cont'd)

- Limited leasing (transfer of annual IFQ only) of charter IFQ will be permitted as follows:
  - 20% of charter IFQ may be leased (transferred) to the charter sector (for 3 years)
  - 10% of charter IFQ may be leased (transferred) to the commercial sector (for 5 years)
- Eligibility to receive Charter QS by transfer will be limited to those who:
  - received charter QS by initial issuance; or
  - meet all legal obligations to charter (state), and
  - hold appropriate US Coast Guard license



# QS Blocks and Vessel Categories

- Charter QS will not be issued in blocks
- Commercial QS blocks that are transferred to charter sector may be subdivided (split) when re-transferred within the sector
- Charter QS will not be issued with vessel categories
- Commercial QS transferred to charter sector will retain assigned vessel category but will not limit use
  - but charter sector use of "D" category (< 35 feet) commercial QS is limited to holding equivalent of "sweep-up" level (~ 3000 pounds) in that category

# Community Set-Aside Provision

- 1% of annual IFQ amounts will be “set aside” (i.e., not issued to QS holders) for use by small coastal communities to provide opportunity to develop charter businesses
  - If not applied for, IFQ will be fully allocated to commercial and charter QS holders
  - If used, set-aside amounts would increase by 0.25%/year to a maximum of 2%
- Set-Aside provision will “sunset” in 10 years (from the first year of issuance)
  - persons participating in the set-aside program at the time it sunsets will be allowed to continue to operate



# Harvest Reporting Obligation

- Reporting systems and requirements are still under development; specifics are not final but, at a minimum, system will require
  - maintaining and submitting (electronic?) logs of charter halibut information
  - submitting harvest reports (electronically) at conclusion of trips (with exceptions possible)
- Goal is to develop “user-friendly” system that encourages reporting and provides feed-back to charter operators
- Additional consultation with Council committee is anticipated before final decisions on reporting system are made

# Miscellaneous Provisions

- There will be a one-year delay between initial issuance of QS and fishing IFQs.
- Line limits:
  - Maximum of 12 in Area 3A and 6 in Area 2C
  - grandfather initial issues at maximum lines used in 2000
- Up to 10% of unfished IFQs may be carried over to following year
- The Council encourages development of Local Area Management Plans (LAMPs) to resolve local conflicts between commercial, recreational, charter, and subsistence use of halibut.



# Status of Rule-Making

- A draft Proposed Rule for the program is nearing completion at the NMFS Regional Office
  - When completed, the draft will be subject to extensive internal review, then sent to HQ for final review and publication
  - Upon publication, extensive public comment is expected
  - Comments will lead to revisions and clarification
- Final Rule will then be published
  - Perhaps as early as next spring
- Progress has been delayed by Crab Rationalization imperative

# Conclusion

- ✓ We have discussed the Council's Recommendation only; changes could well be made before the rule becomes Final
- ✓ Questions and comments on the policy issues should be addressed to the Council
- ✓ Questions and comments on the rule-making process should be directed to the NMFS Sustainable Fisheries Division
- ✓ Questions and comments on the implementation process should be directed to NMFS, Restricted Access Management (RAM)



# Contacts

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